



# **MSM MALAYSIA HOLDINGS BERHAD**

## **Group Sustainability Policy**

**Approved By** : **MSM Board of Directors**

**Document No.** : **MSM/CCD/POL/GS/1.0/2018**

1 <sup>st</sup> Approval	Date: 22 November 2018
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## 1.0 PURPOSE

- 1.1 The purpose of this Policy is to establish the objectives and guidelines for MSM Malaysia Holdings Berhad (“MSM”) and its Group of Companies (collectively referred to as the “MSM Group” or “Group”) with regards to sustainability matters.
- 1.2 To ensure MSM integrates holistic sustainability approaches in its business strategies and decision making as per recommended in the Malaysian Code of Corporate Governance 2017 and in compliance with Bursa’s provisions relating to sustainability disclosures and reporting.
- 1.3 This Policy serves to facilitate the achievement of MSM Group’s commitment to conduct business responsibly through the integration of Economic, Environmental, and Social (“EES”) considerations throughout our business process. MSM Group shall take all possible steps:
- a) To ensure that the Group’s activities will create trust and long-term value for the business, Shareholders and Stakeholders; and
  - b) To execute the Group’s strategy in ways that will address the EES risks and opportunities effectively to achieve business and operational excellence and ensuring compliance with the laws and regulations within jurisdictions where MSM Group operates.

## 2.0 SCOPE

- 2.1 This Policy is applicable to all Directors and Employees of the MSM Group.
- 2.2 This Policy makes reference to, and shall be read together with, MSM’s Discretionary Authority Limits (DAL), MSM’s Employment Approving Authority (EAA), and other relevant codes and policies.
- 2.3 For any enquiries in regards to the scope of applicable laws or the application of this Policy, the Director/Employee shall contact MSM Corporate Communications Department (CCD) or Compliance Governance

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& Risk Management Department (CGRM) immediately or refer to the Sustainability Steering Committee (SSC) accordingly.

- 2.4 The Policy shall be further supplemented by the relevant policies developed at the various level of operations within MSM Group to govern, manage and regulate the industry-specific sustainability matters that are considered more critical from an economic, environmental, social and governance perspective. However, in the event there is any inconsistencies thereof the policy with the most stringent requirement shall apply to the extent of such inconsistencies.
- 2.5 If a law conflicts with this Policy, the Employees shall comply with the law. If the Employee perceives that a provision in this Policy conflicts with the law in their jurisdiction, the Employee shall consult with CGRM or CCD immediately, rather than disregard the Policy without consultation.

### 3.0 DEFINITIONS

TERMS	DEFINITIONS
“Board”	Board of Directors of MSM
“BGRMC”	Board Governance & Risk Management Committee
“Company”	MSM or MSM’s wholly-owned subsidiaries, associates and jointly-controlled entities in which MSM holds a controlling interest and have management control, established under the Corporate Structure of MSM
“CCD”	Corporate Communications Department
“Director”	Director of MSM Group in accordance with the definition of Director under the Companies Act 1965
“DAL”	Discretionary Authority Limit
“Employee”	Means the employees who serve MSM Group worldwide on a permanent, contract, secondment, temporary or assignment basis

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TERMS	DEFINITIONS
“HRD”	Human Resource Department
“CGRM”	Compliance Governance & Risk Management
“MSM”	MSM Malaysia Holdings Berhad
“MSM Group” or the “Group”	MSM Group of Companies, including MSM’s subsidiaries in which MSM holds a controlling interest and has management control.
“Policy”	MSM Group Sustainability Policy
“Third Party/Parties”	Means any external person or company independent of MSM Group which may include customers, potential customers, contractors, external companies, any other external stakeholders with whom a business relationship, whether current, prospective or historic exists.
“CR”	Corporate Responsibility
“Bursa”	Bursa Malaysia Berhad
“OSH”	Occupational Safety & Health
“SSC”	Sustainability Steering Committee
“EES”	Economic, Environment and Social

#### **4.0 RESPONSIBILITIES**

- 4.1 This Policy is approved and adopted by the MSM Board including any amendments thereto. Any proposal for revision to this Policy shall be tabled to the SSC and CGRM for recommendation and subsequently to the MSM Board Governance and Risk Management Committee (BGRMC) for its approval.
- 4.2 This Policy Owner is Corporate Communication Department (CCD) who is responsible to ensure that the Policy is reviewed and updated to be kept

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relevant as and when there are changes in any applicable laws, code or regulations relevant to this Policy or at least once every two (2) years.

- 4.3 The Policy Owner is to ensure that the approved Policy is communicated and disseminated to all the MSM and its Group of Companies.
- 4.4 In some circumstances, if there is a requirement to publish for public or external consumption, the Policy Owner shall provide the summary of the contents of the said policy to MSM Corporate Communication Department for any external communication.

## 5.0 POLICY DESCRIPTION

### 5.1 MSM GROUP'S COMMITMENT TO SUSTAINABILITY

- 5.1.1 There is a strong sense of environmental and social responsibility at the core of MSM Group as the leading refined sugar producer in Malaysia. The Group aims to become a sustainable business by working towards a future that balances environmental, social, economic and governance needs to create positive impacts for its stakeholders in an increasingly resource-constrained and volatile world.
- 5.1.2 The Group shall continuously explore opportunity to improve productivity in the existing operations by implementing Good Agricultural Practices (GAP) and Good Manufacturing Practices (GMP) for an efficient use of natural resources in a sustainable manner and with minimal impact to the environment, wherever possible. This commitment goes beyond The Group's direct impact and includes the business value chain impacts.
- 5.1.3 The Group is strongly committed to:
- a) Meeting the requirement of all applicable legislations as well as other Code of Practices and sustainability commitments that we subscribe to.
  - b) Engaging our stakeholders in promoting sustainability practices.

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- c) Assisting our external suppliers in meeting the requirement of this policy (GSP) wherever required.

## 5.2 PLANTATION MANAGEMENT

- 5.2.1 MSM Group pledges to no deforestation of High Carbon Stock (HCS) in forested area and there shall be no new planting on peat land.
- 5.2.2 MSM Group is committed to mitigate potential adverse environmental impact derived from the plantation activities through establishing, maintaining and continuously improving our plantation management and activities.
- 5.2.3 MSM Group to comply with statutory, legal and other regulatory requirements in relevant to plantation management.
- 5.2.4 MSM Group shall consider replanting when due based on economic, legal or environmental concerns.
- 5.2.5 MSM Group shall aware of the potential risk and takes responsibility towards the biodiversity within the operating area.
- 5.2.6 MSM Group adopts Integrated Pest Management practices to reduce and/or minimize the use of agrochemical pesticides. Pesticides that are categorized as World Health Organization Class 1A or 1B listed by the Stockholm or Rotterdam Conventions are not used, unless in exceptional circumstances with proper due diligence. The use of Paraquat is prohibited.

## 5.3 NO BURNING / USE OF FIRE

- 5.3.1 MSM Group shall not allow any forms of open burning activities in any Group's premises unless in specific conditions with applicable local regulatory approval.
- 5.3.2 MSM Group shall develop fire prevention and emergency preparedness programme in dealing with fire.



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5.3.3 MSM Group shall monitor all fire incidents occurring within and surrounding premises and update relevant authority appropriately.

#### **5.4 WATER MANAGEMENT**

5.4.1 MSM Group shall take reasonable measures to deploy effective water management practices to ensure its activities do not lead to any long – term negative impacts on water quality and availability.

5.4.2 MSM Group will take necessary efforts to ensure efficient water usage across our operations that include reduce, reuse and recycle of water where applicable.

#### **5.5 WASTE MANAGEMENT**

5.5.1 MSM Group is committed to manage waste in accordance to applicable legislative requirements.

5.5.2 Wherever possible, appropriate measure will be taken to reduce, reuse, recycle and dispose of waste in an environmentally responsible way.

#### **5.6 GREENHOUSE GAS (GHG) EMISSIONS**

5.6.1 MSM Group is committed to actively pursue initiatives to reduce or minimize its greenhouse gas emissions in addressing climate change through its operational approaches to achieve targeted reductions in line with the applicable local and national laws.

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## **5.7 RENEWABLE ENERGY**

5.7.1 MSM Group will take necessary initiatives to promote energy efficiency across our operation and optimise renewable energy where possible.

## **5.8 STRENGTHENING HUMAN AND SOCIAL CAPITAL**

5.8.1 MSM Group is committed to build and empower the employees through job creation, upgrading of skills, access to education and overall enhancement of livelihood.

5.8.2 MSM Group shall continually seek opportunities to consult and align with the interests of local communities.

## **5.9 RESPECTING HUMAN RIGHTS**

5.9.1 MSM Group recognises its responsibility to respect human rights of employees and workers as enshrined in the Universal Declaration of Human Rights, United Nation Guiding Principles on Business and Human Rights and International Labour Organization Core Conventions and the Group aspires to meet the requirements.

5.9.2 MSM Group will continuously monitor the recruitment process so as there are no incidents relating to forced, bonded, compulsory or child labour occur in its operating units.

*\*kindly refer to the Universal Declaration of Human Rights, United Nation Guiding Principles on Business and Human Rights and International Labour Organization Core Conventions*

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## **5.10 RESPONSIBLE EMPLOYMENT**

- 5.10.1 All employees and workers should receive equal treatment based on their relevant merits and competency regardless of gender, race, caste, nationality, religion, age, physical condition, marital status, reproductive rights of women, union membership / affiliation / employment status or political affiliation. However, while respecting their rights, the Group shall also abide by the local requirement.
- 5.10.2 MSM Group shall ensure that the employees and workers are provided with employment contract in national languages and are explained in a language that they understand.
- 5.10.3 MSM Group shall provide adequate training and development to employees and workers to enable them acquire required competencies.

## **5.11 FREEDOM OF EXPRESSION**

- 5.11.1 The Group respect the rights of employees and workers to join and form associations of their own choice and to bargain collectively subject to the provisions of relevant regional or national legislations.

## **5.12 GRIEVANCE MECHANISM**

- 5.12.1 MSM Group shall provide accessible means for all stakeholders to express their grievances.
- 5.12.2 All grievances shall be handled in a fair and just manner according to established grievance mechanisms.

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*\*kindly refer to MSM's Codes of Business Conducts and Ethics under clause 27.5 to 27.6*

### **5.13 OCCUPATIONAL SAFETY & HEALTH (OSH)**

- 5.13.1 All employees, workers, contractors and visitors shall adhere to the applicable health and safety laws, regulations and standards.
- 5.13.2 MSM Group is committed to providing a healthy and safe working environment and actively driving accident prevention efforts across all its operations.
- 5.13.3 MSM Group shall ensure all employees, workers and visitors use appropriate Personal Protective Equipment (PPE) to reduce or minimize exposure to occupational health and safety hazards and risks when required.

### **5.14 SEXUAL HARRASMENT & VIOLENCE**

- 5.14.1 The Group considers sexual harassment and violence to be serious offences and thereby shall not tolerate sexual harassment and any form of violence.

*\*kindly refer to MSM's Codes of Business Conducts and Ethics under the clause 27.13*

### **5.15 FREE, INFORMED & PRIOR CONSENT**

- 5.15.1 MSM Group also believes in resolving conflicts and disputes through non – violent means. The Group is against the use of weapons and military in the resolution of conflicts and disputes.

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## **5.16 SUSTAINABLE VALUE CHAIN**

- 5.16.1 MSM Group shall work continuously towards improving the traceability of raw materials to ensure legality, legitimacy, and sustainability of the raw materials sourced, utilized and distributed.
- 5.16.2 MSM Group encourage its value chain partners to embrace sustainable practices and where possible engage with the Group to enhance their skills, knowledge and/or access to better resources.
- 5.16.3 All contractors and supplier's relationship shall be based on principles of good governance without any conflict of interest and a zero tolerance towards bribery and corruption.

## **5.17 TRANSPARENCY AND ENGAGEMENT**

- 5.17.1 MSM Group shall engage actively with all stakeholders to manage their expectation by providing adequate information in appropriate forms for effective communication.
- 5.17.2 MSM Group shall identify, monitor and report its sustainability performance in appropriate platforms.

## **5.18 PRODUCT AND SERVICE QUALITY**

- 5.18.1 MSM Group are committed to operate our facilities by integrating sustainable best practices in a manner that complies with applicable legislation and regulations by following certified processing techniques that shall encompass appropriate standard operating procedures at every step of production.
- 5.18.2 MSM Group to ensure full compliance and to be constantly audited to maintain accreditation in accordance to local and

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global standard such as Food Safety System Certification (FSSC 22000 – Manufacturing), Food Safety Management System (ISO22000), Hazard Analysis and Critical Point (HACCP) from the Ministry of Health Malaysia, Halal and Kosher certification as well as fulfilling the requirements by the Occupational Health and Safety Advisory Services (OHSAS 18001) and the Malaysian Occupational Health and Safety Management Systems (MS1722).

- 5.18.3 MSM Group is committed to provide the highest standards of customer services and to maintain consistency in the services delivered. The Group will ensure an efficient and responsive support services in an ethical and professional manner across its full range of service provision.

## **5.19 CORPORATE RESPONSIBILITY (CR)**

- 5.19.1 All corporate sponsorships and donations shall be evaluated and the procedures by which decisions regarding the corporate sponsorship and donations shall be made.
- 5.19.2 MSM Group to ensure each CR programmes initiated is in line with the development of sustainable local community eco-system pertaining to the consideration of risk and opportunities to the economy, environment and society.
- 5.19.3 MSM Group shall give preference to the local area and areas where it operates (refineries, warehouse etc) for spending the amount as allocated for CR programmes.

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## 5.20 GOVERNMENT RELATIONS & COMMUNITY DEVELOPMENT

- 5.20.1 MSM Group to ensure sufficient sugar supply to the nation as a market leader in the local sugar industry. This includes MSM's commitment to provide stable sugar supply whilst maintaining high quality of sugar for consumers in compliance with government's provisions pertaining to controlled price, market requirements and others.
- 5.20.2 MSM Group to provide employment opportunities as part of driving vibrant local economy and contributes towards growth and wellbeing of the surrounding communities within the area to which the Groups operates.
- 5.20.3 MSM Group is committed to cooperate with government and other relevant authorities to engage in dialogue and develop initiatives on basis of our business and operations in respect to local community and socio – economic development.

## 6.0 REPORTING OF MSM GROUP'S SUSTAINABILITY EFFORTS

- 6.1 MSM Group shall report publicly on its sustainability performance on an annual basis in accordance to the provisions of Bursa Malaysia's Listing Requirements. The sustainability reporting shall be finalised in conjunction with the development and release of the Annual Integrated Report. MSM Group shall also consider international reporting standards and guidelines to enhance its disclosures and strengthen its communications and relationship with its Stakeholders.
- 6.2 MSM Group commits to provide accurate, factual and balanced information on its sustainability initiatives to all its stakeholders.
- 6.3 MSM Group shall also abide by all prevailing laws, regulations and permit requirements with respect to environmental and social matters as required in the specific geographic region of its operations.

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## 7.0 COMPLIANCE TO THE POLICY

- 7.1 Effective dates of this Policy are upon the approval of MSM Board of Directors (Board), the highest approval as per Discretionary Authority Limit (DAL).
- 7.2 If a Policy conflicts with a law, MSM Group shall comply with the law.
- 7.3 This Policy forms an essential part of MSM governance framework and is to be read in conjunction with the MSM Group Discretionary Authority Limit (DAL), Employee Approving Authority (EAA) Legal Authority Limit and Signing Protocol (LAL & ASP). In the event where conflicts should arise between the policies or authorities set out in this document in comparison to the DAL, EAA, LAL & ASP the DAL, EAA, LAL & ASP will always hold precedence.
- 7.4 If there is a conflict between Group Policy and subsidiary policy, then Group Policy shall take precedence.
- 7.5 If there is a conflict in interpretation of language, English shall take the precedence.
- 7.6 In any cases if the Policy is revoked, the Policy Owner must obtain the highest approval as per DAL and shall be communicated across the board.
- 7.7 Failure to comply and observe this Policy may result in disciplinary action in accordance to Code of Business Conduct and Ethics for Employee (CoBCE).

**\*\*\* End of MSM Group Sustainability Policy \*\*\***